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Case Shiller Home Price Index, May 2009



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The Case-Shiller Home Price Index increased in May vs. expectations for a modest further decline, the first monthly increase in nearly three years. Home prices rose on a monthly basis in 13 of the 20 markets included in the index.

- The 20-region composite index rose 0.4% in May to 139.84, compared with expectations for a decline of 0.6%. The index was down 17.1% from May 2008 vs. expectations for a year-over-year decline of 17.9% and individual forecasts ranging from -18.3% to -17.5%. This is the first monthly increase in the composite index since June 2006.
- Prices rose in May in 13 of the 20 metropolitan areas included in the index, were unchanged in two and fell in five. In April, prices rose in eight of the 20 metropolitan areas, were unchanged in one and were down in eleven, while in March prices fell in 17 of the 20. In May, 17 of the 20 regions either saw a greater price increase or a smaller price decline than in April.
- The markets with price declines generally remained overbuilt markets with excess condominium supply: Las Vegas (-2.6%), Phoenix (-0.9%), Miami (-0.8%), Seattle (-0.3%) and Los Angeles (-0.1%). The largest increases were in Cleveland (+4.1%), Dallas (+1.9%), Boston (1.6%), San Francisco (+1.4%) and Denver and Washington, D.C. (both at +1.3%). Prices rose 1.2% in Minneapolis, which had seen a four-month period of declines averaging 5% from last December to March.

Source: Standard & Poor's

Price data from the June's existing home sales report show that both median and average existing home prices rose in June. This suggests that the Case-Shiller index may also rise for June as well. If prices as measured by this index (given its inherent bias towards overbuilt regions) have indeed reached a trough, the implications for household wealth would be highly encouraging. ■

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